



STATE OF DELAWARE

**PUBLIC SERVICE COMMISSION**  
861 SILVER LAKE BLVD.  
CANNON BUILDING, SUITE 100  
DOVER, DELAWARE 19904

TELEPHONE:  
(800) 766-7500

## **MEMORANDUM**

**TO:** The Chair and Commissioners

**FROM:** Lisa B. Driggins, Public Utilities Analyst

**DATE:** January 2, 2019

**SUBJECT:** IN THE MATTER OF THE APPLICATION OF MAGNA5, LLC FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE RESOLD LOCAL EXCHANGE AND INTEREXCHANGE TELECOMMUNICATIONS SERVICES IN THE STATE OF DELAWARE (SUBMITTED OCTOBER 9, 2018); (FILED NOVEMBER 8, 2018) - PSC DOCKET NO. 18-1123

---

### **Background**

On November 8, 2018, Magna5, LLC ("Magna5" or the "Company") filed a completed application (the "Application") with the Delaware Public Service Commission ("Commission") for a Certificate of Public Convenience and Necessity ("CPCN") to provide interexchange and resold local exchange telecommunications services and approval of an intralata toll dialing plan within the State of Delaware. The Delaware Public Service Commission Staff ("Staff") has reviewed the Application to determine its compliance with Delaware Law and the Rules and Regulations promulgated in 26 *Del. Admin. C.* §4001.

### **Application**

The Company's original filing was submitted on October 9, 2018, but did not meet the minimum filing requirements ("MFR's"). Staff requested, and the Company filed the following additional documentation: a) a copy of the Delaware business license, b) proof of publication of the public notice in at least one (1) newspaper of general circulation, and c) a signed, sworn verification for any subsequent filings in support of the Application.

### **Financial, Operational, Managerial and Technical Ability**

The Company provided proof issued by the Delaware Secretary of State and the Delaware Division of Revenue that it is legally authorized and qualified to do business in the State of Delaware. To demonstrate its financial capability, Magna5 provided to Staff Company

officer verified consolidated financial statements, reflecting its financial status as of December 31, 2017. The Company provided the contact information for a Delaware Registered Agent listed in the Application as The Corporation Trust Company, Wilmington, DE.

The Company anticipates serving customers in the entire State of Delaware in the areas primarily served by Verizon as permitted by law and Commission Order. The Company proposes to offer resold local exchange services, interexchange, dedicated point-to-point private line service, VOIP, and dedicated internet access to business customers only, effective immediately upon approval of the application. The company has no plans to install facilities in the State of Delaware. Magna5 intends to provide all forms of interexchange and local exchange telecommunications services.

To demonstrate its technical and operational capabilities, the Company provided Staff with detailed management biographies the Company's senior management and directors along with a description of the Company's technical expertise.

Pursuant to 26 *Del. Admin. C.* §4001-4.3, a copy of the Application was provided to the Division of the Public Advocate, through the Commission's electronic filing system DelaFile, and public notice of the Application was published in the Delaware State newspaper on October 25, 2018. Staff reports that it received no formal comments or objections to the Company's Application for a CPCN.

#### Tariff

The Company did not provide initial tariff sheets or price sheets as required in 26 *Del. Admin. C.* §4001-4.5.1 as they do not provide switched access service which is the only service required to comply with this section.

#### Waiver

As part of its Application, the Company requested to 26 *Del. C.* §208(b) that it may maintain its books and records relating to its Delaware operations outside of the State of Delaware. Staff believes that the waiver request to maintain the Company's books and records outside of Delaware is reasonable and Staff recommends that the Commission grant this request.

In the Application the applicant asserts they will secure an interconnection agreement as necessary to provide the proposed services detailed in its Application. Staff has informed the Company that before starting any business in the state, the Applicant will be required to file an interconnection agreement with the Commission.

#### **Staff Recommendation**

Based on Staff's review and analysis, the Company has shown that it has the financial, operational, and technical means to provide telecommunications services in Delaware. Therefore, Staff recommends that the Commission grant Magna5 a CPCN to provide interexchange and resold local exchange telecommunications services within the State of Delaware and approval of an intralata toll dialing plan within the State of Delaware.